

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Product Prices  
Priority Mail Contract 78 (MC2014-19)  
Negotiated Service Agreement

Docket No. CP2014-32

PUBLIC REPRESENTATIVE COMMENTS ON  
POSTAL SERVICE NOTICE OF AMENDMENT  
TO PRIORITY MAIL CONTRACT 78

(March 9, 2016)

The Public Representative hereby provides comments pursuant to Order No. 3125.<sup>1</sup> In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in the terms of Priority Mail Contract 78.<sup>2</sup>

**COMMENTS**

The Commission approved the original Priority Mail Contract 78 in Order No. 2015.<sup>3</sup> In that order, the Commission found that “the Priority Mail market is highly competitive and thus prevents the Postal Service from significantly increasing rates or degrading service without potentially losing volume.” *Approving Order* at 4. The Commission also maintained that “there is no evidence of an adverse impact on small businesses.” *Id.*

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<sup>1</sup> Notice and Order Concerning Amendment to a Priority Mail Negotiated Service Agreement, March 2, 2016.

<sup>2</sup> Notice of United States Postal Service of Change in Prices Pursuant to Amendment to Priority Mail Contract 78, March 1, 2016 (Notice).

<sup>3</sup> Order Adding Priority Mail Contract 78 to the Competitive Product List, March 11, 2014 (Approving Order).

*Requirements of 39 U.S.C. § 3633.* Pursuant to section 3633(a), prices for competitive products must cover each product's attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Public Representative has reviewed the financial worksheets filed under seal with the Notice of Amendment, as well as other documentation related to the original Contract 78.

Based upon that review, the Public Representative concludes that the amended contract terms should generate sufficient revenue to cover costs and satisfy the requirements of 39 U.S.C. § 3633(a). The contract contains several terms that affect prices adjustments. *Notice; Attachment A* at 2. These terms should help maintain the contract's ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the contract.<sup>4</sup> The Commission will have an opportunity to review the revenue, cost and volume data for the amended Contract 2 in the future Annual Compliance Determination Reports.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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Public Representative

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<sup>4</sup> Contract 78 is scheduled to expire three years from the effective date (March 12, 2014), subject to early termination provisions.

